

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

DOCKET NO. 98-181

JANUARY 19, 1999

SANDY POINT WATER COMPANY  
Proposed Rate Increase

ORDER APPROVING  
STIPULATION

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WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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I SUMMARY OF ORDER

In this Order we approve a Stipulation entered into by the Sandy Point Water Company (Company), the Office of the Public Advocate, Holly and Richard Stover, John L. McDonough, The Hersey Retreat, Jane and David Sprague and Julian McGovern. The Stipulation accepts the Company's Phase I rate increase, which became effective on May 1, 1998, and provides a formula for determining the revenue requirement for a Phase II rate increase to become effective upon the closing on the Company's proposed loan from the State Revolving Loan Fund (SRLF). The Stipulation allows the Company to recover the interest and principal payments on the SRLF loan but requires it to deduct the unamortized balance of the loan from its rate base and depreciation base for purposes of determining revenue requirement and requires that no dividends will be paid during the period of the loan. The Stipulation also addresses rate design and anticipates a Phase III rate adjustment after the Company has installed meters and has accumulated sufficient consumption data to evaluate the Phase II rate design.

II BACKGROUND

On March 9, 1998, the Commission received a filing under 35-A M.R.S.A. § 307 from the Sandy Point Water Company. The filing sought a 2-step increase in the Company's water rates and requested a waiver of the Commission's auditing requirements. The Company provided notice of its requests to customers as required by the Commission's Rules Chapter 110, § 712(C). In response, the Commission received petitions to intervene from David Greely on behalf of the Hersey Retreat, Holly & Richard Stover, John McDonough, Julie McGovern, Jane & David Sprague, and

the Office of the Public Advocate. A prehearing conference was held on May 28, 1998, and all petitions to intervene were granted.

A technical conference was held at the Commission's offices on June 23, 1998. The Company and the intervenors continued discovery and negotiations which concluded with a meeting on August 4, 1998, resulting in a Stipulation filed with the Commission on October 16, 1998.

### III DECISION

In at least two prior cases, we have articulated the criteria for approving stipulations, summarized here as follows:

1. whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. whether the process that led to the stipulation was fair to all parties; and
3. whether the stipulation result is reasonable and is not contrary to legislative mandate. See Central Maine Power Company, Proposed Increase in Rates, Docket No. 92-345 (II), Detailed Opinion and Subsidiary Findings (Me.P.U.C. Jan. 10, 1995), and Maine Public Service Company, Proposed Increase in Rates (Rate Design), Docket No. 95-052, Order (Me.P.U.C. June 26, 1996).

We have also recognized that we must ensure that the overall stipulated result is in the public interest. See Northern Utilities, Inc., Proposed Environmental Response Cost Recovery, Docket No. 96-678, Order Approving Stipulation (Me.P.U.C. April 28, 1997).

We have reviewed the Stipulation and find that it meets the standards expressed above. It provides a reasonable resolution to the issues in this case while allowing the District to make improvements necessary under the Safe Drinking Water Act. We will approve the Stipulation.

Accordingly, we

O R D E R

1. That the Stipulation, attached hereto, is approved;
2. That the Sandy Point Water Company Phase II schedule of rates, consisting of Sheet 1 - Third Revision, filed on March 9, 1998, shall not become effective for service; and
3. That the Sandy Point Water Company shall file a revised schedule of rates in compliance with the terms of the Stipulation and this Order. That filing shall be made not less than 45 days prior to its proposed closing on the SRLF Loan.

Dated at Augusta, Maine this 19th day of January 1999.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Nugent  
Diamond

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